

**POLICY, PROCEDURES AND GUIDANCE  
FOR BUDGET EXECUTION AND  
ACCOUNTING USING EPA'S NEW  
STRATEGIC ARCHITECTURE**

New PRC Policy and Procedures  
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# **PROCEDURES AND GUIDANCE FOR BUDGET EXECUTION AND ACCOUNTING USING EPA’S NEW STRATEGIC ARCHITECTURE**

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\*To be issued later under separate cover.

## OVERVIEW

Office of the Comptroller Policy Announcement No. 98-10, "Procedures and Guidance for Budget Execution and Accounting Using Program Results Code," is superseded with the publication of this document.

EPA presents the FY 2005 budget submission linking resources to results using the Agency's new strategic architecture. The following is a summary of the changes:

- Ten goals have been replaced by five goals and EPA's account structure has also evolved.
- The Program Results Code (PRC) has changed.
- Major Programs and Subobjectives are no longer part of the PRC.
- Program/Projects that describe "what" the Agency does and Activities that describe "how" the Agency does its work have been added to the PRC.
- The PRC will identify the Goal, Objective, National Program Manager (NPM), Program/Project and Activity.
- The Agency will execute its budget by Appropriation, Goal, Objective, NPM, Program/Project and Activity.
- Subobjectives will be linked to Program/Projects by the use of Business Rules.
- Distribution Accounts will no longer be used.
- Administrative functions in the budget have been aligned with the President's Management Agenda.
- OMB's Business Reference Model is the basis for EPA's Activities.

In developing the new architecture, the OCFO Strategic Implementation Workgroup and subgroups held numerous meetings to examine the budget formulation and execution processes and received input from National Program Managers and Regional Office representatives. The Strategic Implementation Workgroup subsequently developed the basis for the guidance that is provided in this document. The following areas will be discussed in this attachment and can be viewed and downloaded from the Intranet at:

<http://intranet.epa.gov/ocfo/policies/newacct/index.htm>

- Budget Execution
- Account Number Structure
- Program/Projects
- Activities
- RPIO Activities
- Enabling Support Program
- Payroll
- Working Capital Fund
- Performance and Partnership Grants (PPGs)
- Categorical Grants
- Discretionary Grants
- Interagency Agreements
- Contracts
- Travel and Expenses
- Crosswalks/Business Rules
- ORBIT

## GLOSSARY

**Activities** – Activities define “how” the Agency accomplishes its work across all Goals, Objectives and Program/Projects. Activities will be used in budget formulation and execution, as well as in program results codes in accounting for resources.

**Allocation Methodology** – A documented method of how costs are to be allocated to the Program/Projects benefiting from the work, based on a relevant common denominator such as number of FTE.

**Allocation of Costs** – A method of assigning costs to Program/Projects.

**Business Rules** – A set of rules used to allocate resources (a) from Program/Projects to Sub-objectives and (b) from Enabling and Support Program/Projects to the Environmental Program/Projects that they support.

**Crosswalks** – Provides a link from the old structure to the new structure. Budget and Annual Performance Goal Crosswalks link the 10 goal to 5 goal structure; Description Book Crosswalks link the structure of resources from Program/Projects to Goal/Objective/Subobjective/Activity.

**Costs** – As used in this document, costs are expenditures.

**Enabling and Support Programs** – The subset of Program/Projects that provide management services and administrative support to Environmental Program/Projects. The resources in Enabling and Support Programs are allocated by Business Rules to the Environmental Program/Projects that they help to support.

**GPRA Structure** – The five strategic long-term Goals, 20 Objectives and 44 Sub-objectives that provide the framework for the Agency’s planning, budgeting, analysis, and accountability processes. This framework is set forth in the Strategic Plan published in September 2003.

**Program/Projects** – A new budget component that defines “what” the Agency does based upon (a) specific statutory authorities (programs) OR (b) significant tasks or problems the Agency is addressing (projects). The GPRA budget element is used for budget formulation, budget execution, and cost accounting. Program/Projects are the Agency’s cost accounting outputs.

**Program Results Code (PRC)** – The PRC contains nine characters that identify the relevant Goal, Objective, NPM, Program/Project and Activity in the Agency’s account number structure. A detailed description of the PRC is provided in the attachment, Chapter 2, Account Number Structure.

**Subobjective** – A more detailed component of the strategic Objective that describes the environmental or programmatic outcome over the next several years (usually five years), as contained in EPA’s Strategic Plan developed under the Government Performance and Results Act. Resources for Sub-objectives are linked to Program/Projects through Business Rules.

## **CHAPTER 1**

### **BUDGET EXECUTION**

<b>FY 2004 OPERATING PLAN</b>	<p>Development of the Enacted Operating Plan in the Budget Automation System (BAS) will be at the Appropriation, Goal, Objective, NPM, Program/Project and Activity levels. Once this plan is developed, it will remain in BAS for the entire Fiscal Year.</p> <p>The Agency's Official Operating Plan will be loaded into IFMS at the Allowance Holder, Appropriation, Goal, Objective, NPM, and Program/Project level. In some cases the operating plan will be at a lower level of detail. Any reprogrammings that become necessary will occur in IFMS. See the section below on Reprogramming for more detailed information on this process.</p>
<b>FUNDS CONTROL IN IFMS</b>	<p>The level of automatic funds control lockout in IFMS will remain at the Appropriation, Allowance Holder level. This level in IFMS is called the Suballocation level and is found in the Suballocation Inquiry Table (SALC). The Operating Plan, which is the more detailed budget view equating to an allowance, is found in the Allowance Inquiry Table (ALLT) in IFMS.</p>
<b>REPRO- GRAMMING</b>	<p>IFMS reprogrammings will continue to be required to move funds between PRCs and between Budget Object Classes (BOCs), Allowance Holders, or RPIOs. These requirements are essentially the same as those in prior years. Since the Operating Plan in IFMS is not at the Activity level, no reprogrammings are necessary between Activities under the same Objective. Reprogrammings by PRC will be at the same level as that in which the operating plan is loaded. Primarily, that will be at the Goal, Objective, NPM and Program/Project level.</p> <p>As in the past, we expect our Appropriations Committees to maintain similar dollar thresholds for reprogrammings requiring Congressional approval: \$500K between Goals or Objectives in all accounts except EPM, which has a \$500K notification/\$1M approval limitation. For STAG, as in previous years, Performance Partnership Grants (PPGs), are exempt from the restriction.</p>
<b>COMMITT- ING &amp; OBLIGATING FUNDS</b>	<p>Although the Operating Plan will be at the Goal, Objective, NPM, and Program/Project level in IFMS, all spending transactions must identify additional elements of the PRC, including Agency-wide Activity and Responsible Program Implementation Officer (RPIO) specific activities, where appropriate, and agreed upon by the budget community. Whenever feasible, all costs that can be accurately identified at the time of commitment to either a single specific Program/Project or multiple Goals, Objectives, and</p>

Program/Projects should be processed with this information included on the spending documents. When it is not possible to directly identify this level of detail at the time of commitment, offices will be permitted to use Enabling Support Program (ESP) Accounts, with pre-approved allocation methodologies, to satisfy this requirement.

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**CARRY-  
OVER**

FY 2003/2004 two-year funds (EPM, S&T and IG) will remain in the FY 2003 structure in FY 2004 and available balances will automatically roll over in IFMS. Information on how they crosswalk to the new Strategic Plan structure can be found via BAS. In addition, for split-funded commitments only, the no-year funds associated with the 03/04 two-year funds will also remain in the prior year format, just as in the past two years. All other no-year carryover and recertification distributions will be reissued in the new structure.

## CHAPTER 2

### ACCOUNT NUMBER STRUCTURE

#### BACK- GROUND

Beginning on October 1, 2003, the existing account code structure will change in order to accommodate the budgeting and accounting requirements under EPA's new Strategic Plan. This change will affect the PROGRAM field, the remaining five fields in the account structure will not change. See Exhibit 2-1 for a description of the fields in the account structure.

The Performance and Results information will be identified and accounted for within the Program field of the Agency's account number structure. The Program Results Code (PRC) will be used to identify the Goal, Objective, NPM, Program/Project, Agency Activity and if appropriate RPIO Activity. Related resources for subobjectives will be identified in the business rules/crosswalk as discussed in Chapter 15. See Exhibit 2-2 for criteria to use in determining an account number.

#### PROGRAM FIELD DESCRIPT- ION

The Program field contains nine, alphanumeric characters, but only seven characters will be used unless RPIOs wish to track costs at a lower level. Positions one through seven will be used in committing, obligating and expending funds. The following illustration identifies each of the positions within the Program field.

	G	O	O	N	P	P	A	R	R
_____ Program Field Positions	1	2	3	4	5	6	7	8	9

#### Position:

1 G = Goal

2/3 O = Objective

4 N = National Program Manager (NPM)

5/6 P = Program/Project (P/P)

7 A = Agency Activity

8/9 R = Responsible Program and Implementation Officer (RPIO) Activity



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**DESCRIPTION OF  
CHARACTERS USED IN  
PROGRAM  
FIELD**

- **G = Goal** - Goal is one character and represents the Agency's long-term strategic Goals. EPA currently has 5 Goals: Goal 1 - Clean Air and Global Climate Change, Goal 2 - Clean and Safe Water, Goal 3 - Land Preservation and Restoration, Goal 4 - Healthy Communities and Ecosystems and Goal 5 - Compliance and Environmental Stewardship. If Goals are added, sequential numbering will continue. Z is reserved for use in identifying Enabling Support Programs (ESPs) as discussed in Chapter 6.
- **O = Objective** - Objective is comprised of two characters and represents each Objective under each Goal. For example, under Goal 1 - Clean Air and Global Climate Change, Objective 1 is Healthier Outdoor Air and Objective 2 is Healthier Indoor Air. Objective 1 would be designated as 01 and Objective 2 would be designated as 02. Under Goal 3 Land Preservation and Restoration, Objective 1 is Preserve Land and would be identified as 01; Objective 2 is Restore Land and would be identified as 02. ESPs will be identified by ZZ, if the Objective is not known.
- **N = National Program Manager** - This single alpha character identifies the NPM associated with resources being used for a particular Goal and Objective. Goals and Objectives are not unique to a particular NPM. Under the new structure, the NPM must be identified with the resources for each Goal and Objective. Exhibit 2-3 provides a listing of the NPM Codes.
- **P = Program/Project** - A 2 character field identifies a Program or Project that defines "what" the Agency does based upon specific statutory authority (programs) or significant tasks or problems the Agency is addressing (projects). Exhibit 2-4 provides a listing of Program/Project Codes.
- **A = Agency Activity** - This single alpha character identifies the Agency Activity. Activities are categorized as either Environmental Activities directly related to EPA's mission or Support Activities indirectly assisting in the implementation of an environmental goal. Agency Activities are based upon OMB's Business Reference Model. Exhibit 2-5 provides a listing of Agency Activities codes.
- **R = RPIO Activity** - Two characters reserved for RPIO use. These characters are not required. Leave blank if not used. The RPIO Activity is intended to assist RPIOs in tracking expenses at a lower level than the Agency Activity. Prior approval by OCFO is required to use RPIO Activity Codes. Refer to Chapter 5 for procedures for the use and approval of a RPIO Activity.

**PROGRAM  
RESULTS  
CODE (PRC)  
EXAMPLES**

Example 1:

- Goal = 2 Clean and Safe Water
- Objective = 02 Protect Water Quality
- NPM = B Office of Water
- Program/Project = 78 Infrastructure Assistance: Alaska Native Villages
- Activity = E - Financial Transfer to Governmental Organizations
- RPIO Activity = left blank since it was not used

The PRC would appear as follows:

2 0 2 B 7 8 E  
G O O N P P A R R

Example 2:

- Goal = 1 Clean Air and Global Climate Change
- Objective = 1 Healthier Outdoor Air
- NPM = A Office of Air and Radiation
- Program/Project = 45 Clean Air Allowance Trading Program
- Agency Activities = 4 possible choices
  - B Regulation/Policy Development
  - C Environmental Program Implementation
  - D Financial Assistance to Non-Governmental Organizations
  - E Financial Transfer to Governmental Organizations
- RPIO Activity = left blank since it was not used

The PRCs would appear as follows:

Regulation/Policy Development

1 0 1 A 4 5 B  
G O O N P P A R R

Environmental Program Implementation

1 0 1 A 4 5 C  
G O O N P P A R R

Financial Transfer to Non-Government Organizations

1 0 1 A 4 5 D  
G O O N P P A R R

Financial Transfer to Government Organizations

1 0 1 A 4 5 E  
G O O N P P A R R

---

**FUND FIELD DESCRIPTION** Additional information will be captured within the Fund field. Using the Fund field we can separately identify specific types of funding that need to be tracked. The Fund field contains six (6) alphanumeric characters.

Fund Field Position    1 2 3 4 5 6  
 \_\_\_\_\_ Position 1    = Appropriation  
                                  Position 2-3 = Sub-Appropriation  
                                  Positions 4-6 = Reserved

There will be no change to the Fund field for Reimbursable Authority or Base Realignment and Closure (BRAC). Reimbursable Authority will continue to be BR for EPM and CR for S&T; BRAC will continue to be TR. Categorical Grants, State Revolving Fund (SRF) Programs, Special STAG Programs (primarily earmarks) and Superfund S&T and IG Funds will be separately identified in the Fund field. See Examples below:

**FUND FIELD EXAMPLES**

- Example 1:  
 CATEGORICAL STATE GRANT TOTAL  
     Use unique FUND code E 1 \_ \_ \_ \_ for this total (tracked individually in PRC field)  
     Use unique FUND code E 1 C \_ \_ \_ \_ for carryover for these grants
  
- Example 2:  
 CLEAN WATER STATE REVOLVING FUND (CWSRF)  
     Use unique FUND code E 2 \_ \_ \_ \_  
     Use unique FUND code E 2 C \_ \_ \_ \_ for carryover
  
- Example 3:  
 SPECIAL STAG PROJECTS TOTAL (Includes items previously in Program Elements 8A1 and 9A1)  
     Use unique FUND code E 4 \_ \_ \_ \_ for this total (tracked individually in ORG field).  
     Use unique FUND code E 4 C \_ \_ \_ \_ for carryover
  
- Example 4:  
 SUPERFUND S&T FUNDS (Funds transferred from the Superfund Appropriation for spending on research in the S&T appropriation).  
     Use a unique FUND code T 3 \_ \_ \_ \_ in budget formulation (BAS) and C 3 \_ \_ \_ \_ in budget execution /finance (IFMS)
  
- Example 5:  
 SUPERFUND IG FUNDS (Funds transferred from the Superfund Appropriation for spending on Superfund in the IG Appropriation).  
     Use a unique FUND code T 2 \_ \_ \_ \_ in budget formulation

(BAS) and N 2 \_ \_ \_ \_ in budget execution /finance (IFMS)

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**ORGANIZATION FIELD DESCRIPTION**

The Organization field code can be used for tracking budgeting and spending or spending only. This has traditionally been used for tracking add-on codes. Using the Organization field allows for full funds control. IFMS will not permit spending above the total amount in an organization. The Organization field contains seven (7) alphanumeric characters.

Organization Field Position 1 2 3 4 5 6 7

Positions 1 and 2 = Allowance Holder

Positions 3 and 4 = RC and Local Option

Positions 5 = Superfund Advice of Allowance/Activity Code

Positions 6 and 7 = Local Option

---

**ORGANIZATION FIELD EXAMPLE**

- Example 1:  
SUPERFUND SPECIAL TRACKING (similar to add-on codes) - FEDERAL FACILITIES, REMEDIAL ACTIONS, REMOVAL ACTIONS, ASSESSMENTS.

Organization Codes for Region 1.

Federal Facilities = 1 A 0 0 F \_ \_

Remedial Action = 1 A 0 0 R \_ \_

Removal = 1 A 0 0 E \_ \_

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**SITE/PROJECT FIELD DESCRIPTION**

The Site/Project field may be used to track spending in other specific program areas, where information is needed on specific programs/initiatives such as Information Technology (IT) costs. The Site/Project field is currently used to track unit costs for several programs in the Agency. Superfund tracks its costs by Superfund site, the Working Capital Fund tracks its costs by cost centers, and the LUST program uses activity codes to track grant expenditures. IT costs are now being added to Site/Project fields to track their costs. The Site/Project field contains eight (8) alphanumeric characters.

Site/Project Field Position 1 2 3 4 5 6 7 8

Positions 1-4 = Superfund Site ID

Positions 5-6 = Action Code

Positions 7-8 = Operable Unit

---

These are Examples of Site/Project Codes Currently in Use:

- Superfund = 0, 1, A, B, C, D, E
- Oil = Z
- Working Capital Fund (WCF) = W

- Federal Emergency Management Agency (FEMA) = J
- Information Technology (IT) = L
- Office of Inspector General (OIG) = N
- Regions = R
- Leaking Underground Storage Tanks (LUST) = F
- Office of International Activities = U
- Brownfields = G

**COMPARIS-  
ONS WITH  
NEW  
ACCOUNT  
NUMBER  
STRUCTURE**

Two comparisons of the Agency's current account number structure and the new account number structure are shown below. The examples provide the account number structure for payroll dollars and contracts and grants dollars.

Superfund charges are shown in the first account number structure comparison. The activity is a Remedial Action at the Pepe Field Superfund Site, Operable Unit 1 in Region 2. This activity supports Goal 3, Land Preservation and Restoration; Objective 02, Restore Land. The account number structure for the payroll and contract charges is shown below:

Field Description	FY 2003 Example	FY 2004 Example	Field Size
Payroll Dollars:			
Budget Fiscal Year	2003	2004	4 spaces
Appropriation	T	T	6 spaces
Budget Organization	02H	02H	7 spaces
Program	50102D	302DD2C	9 spaces
Site Project	0289RA01	0289RA01	8 spaces
Cost Organization			7 spaces
Contract Dollars:			
Budget Fiscal Year	2003	2004	4 spaces
Appropriation	T	T	6 spaces
Budget Organization	2AH0R	2AH0R	7 spaces
Program	50102D	302DD2C	9 spaces
Site/Project	0289RA01	0289RA01	8 spaces

<b>Field Description</b>	<b>FY 2003 Example</b>	<b>FY 2004 Example</b>	<b>Field Size</b>
Cost Organization	C001	C001	7 spaces

Water program charges are shown in the second account number comparison. The activities are Wetlands. These activities support Goal 4, Healthy Communities and Ecosystems; Objective 03 Ecosystems; Program/Project E2, The account number structure for payroll and grants is shown below:

<b>Field Description</b>	<b>FY 2003 Example</b>	<b>FY 2004 Example</b>	<b>Field Size</b>
Payroll Dollars:			
Budget Fiscal Year	2003	2004	4 spaces
Appropriation	B	B	6 spaces
Budget Organization	07K	07K	7 spaces
Program	20302B	403BE2C	9 spaces
Site Project			8 spaces
Cost Organization			7 spaces
Grant Dollars:			
Budget Fiscal Year	2003	2004	4 spaces
Appropriation	E1	E1	6 spaces
Budget Organization	01V	01V	7 spaces
Program	20302B	403BE2E	9 spaces
Site/Project			8 spaces
Cost Organization			7 spaces

## Exhibit 2-1

### BUDGETING AND ACCOUNTING USING THE 6-FIELD IFMS ACCOUNT CODE

1. Budget Fiscal Year (available 4 characters; using up to 4 characters)

0	4		
---	---	--	--

Characters 1 and 2 = Beginning BFY

Characters 3 and 4 = Ending BFY

2. Fund (available 6 characters; using up to 3 characters)

T					
---	--	--	--	--	--

Characters 5-7 = Accounts and Sub-accounts

Characters 8-10 = Reserved

3. Organization (available 7 characters; using up to 7 characters)

7	5	A				
---	---	---	--	--	--	--

Characters 11 and 12 = Allowance Holder

Characters 13 and 14 = RC and Local Option

Character 15 = Superfund Advice of Allowance/Activity Code

Characters 16 and 17 = Local Option

4. Program (available 9 characters; using up to 8 characters)

4	0	3	B	A	7	C		
---	---	---	---	---	---	---	--	--

Character 18 = Goal

Characters 19-20 = Objective

Character 21 = NPM

Characters 22-23 = Program/Project

Characters 24 = Agency Activity

Character 25-26 = RPIO Activity

5. Site/Project (available 8 characters; using up to 8 for Superfund, Oil Spill & WCF)

H	Q	C	0	B	M	0	0
---	---	---	---	---	---	---	---

Characters 27-30 = SSID

Characters 31-32 = Action Code

Characters 33-34 = Operable Unit

6. Cost/Organization (available 7 characters; using up to 4 characters)

C	0	0	1			
---	---	---	---	--	--	--

Characters 35-38 = Superfund Action Sequence Number

Characters 39-41 = Reserved

**Exhibit 2-2**  
**THIS TABLE CONTAINS THE CRITERIA FOR**  
**DETERMINING AN ACCOUNT NUMBER**

*If...*

*Then...*

Work benefits one Program/Project <i>and</i> is not split funded	Direct charge to fixed account number  $\bar{G} \bar{O} \bar{O} \bar{N} \bar{P} \bar{P} \bar{A} \bar{R} \bar{R}$
Work benefits one Program/Project <i>and</i> is funded by two Appropriations.	Direct charge to two fixed account numbers  $\bar{G} \bar{O} \bar{O} \bar{N} \bar{P} \bar{P} \bar{A} \bar{R} \bar{R}$ $\bar{G} \bar{O} \bar{O} \bar{N} \bar{P} \bar{P} \bar{A} \bar{R} \bar{R}$
Work benefits more than one Program/Project <i>and</i> the Programs/Projects are funded by one Appropriation <i>and</i> a % split between the Programs/Projects can be made up front....	Direct charge to fixed account numbers using a percentage of costs  % to $\bar{G} \bar{O} \bar{O} \bar{N} \bar{P} \bar{P} \bar{A} \bar{R} \bar{R}$  % to $\bar{G} \bar{O} \bar{O} \bar{N} \bar{P} \bar{P} \bar{A} \bar{R} \bar{R}$  % to $\bar{G} \bar{O} \bar{O} \bar{N} \bar{P} \bar{P} \bar{A} \bar{R} \bar{R}$
Management Services and Support Programs/Projects that don't specifically have a goal	Use Allocation Methodology at Goal level  $\bar{Z} \bar{Z} \bar{Z} \bar{N} \bar{P} \bar{P} \bar{A} \bar{R} \bar{R}$



## **Exhibit 2-3**

### **NATIONAL PROGRAM MANAGER CODES**

The NPM codes for the PRC field are as follows:

<b>National Program</b>	<b>Code</b>
Office of Air and Radiation	A
Office of Water	B
Office of Prevention, Pesticides and Toxic Substances	C
Office of Solid Waste and Emergency Response	D
Office of Enforcement and Compliance Assurance	E
Office of Research and Development	F
Office of Administration and Resources Management	G
Office of Environmental Information	H
Office of Chief Financial Officer	J
Office of International Activities	L
Office of the Administrator	M
Office of General Counsel	N
Office of Inspector General	P

## Exhibit 2-4 PROGRAM/PROJECT CODES

These are the current Program/Project Codes as of Oct 28, 2003:

Environmental (direct charged) Programs			
	Program/Project Title	NPMs	PRC Code
1	Base Realignment and Closure (BRAC)	OSWER	41
2	Beach / Fish Programs	OW	42
3	Brownfields	OSWER, OECA, OGC*, OARM*, OCFO*, OEI, OA	43
4	Categorical Grant: Beaches Protection	OW	23
5	Categorical Grant: Brownfields	OSWER	24
6	Categorical Grant: Environmental Information	OEI	21
7	Categorical Grant: Hazardous Waste Financial Assistance	OSWER	11
8	Categorical Grant: Homeland Security	OW	25
9	Categorical Grant: Lead	OPPTS	10
10	Categorical Grant: Nonpoint Source (Sec. 319)	OW	01
11	Categorical Grant: Pesticides Enforcement	OECA	12
12	Categorical Grant: Pesticides Program Implementation	OPPTS	09
13	Categorical Grant: Pollution Control (Sec. 106)	OW	06
14	Categorical Grant: Pollution Prevention	OPPTS	13
15	Categorical Grant: Public Water System Supervision (PWSS)	OW	03
16	Categorical Grant: Radon	OAR	05
17	Categorical Grant: Sector Program	OECA	19
18	Categorical Grant: State and Local Air Quality Management	OAR	04
19	Categorical Grant: Targeted Watersheds	OW	26
20	Categorical Grant: Toxics Substances Compliance	OECA	14
21	Categorical Grant: Tribal Air Quality Management	OAR	17
22	Categorical Grant: Tribal General Assistance Program	OW	15
23	Categorical Grant: Underground Injection Control (UIC)	OW	08
24	Categorical Grant: Underground Storage Tanks	OSWER	16
25	Categorical Grant: Water Quality Cooperative Agreements	OW	02
26	Categorical Grant: Wetlands Program Development	OW	07
27	Children and other Sensitive Populations	OA	E6
28	Civil Enforcement	OECA	44
29	Clean Air Allowance Trading Programs	OAR	45
30	Climate Protection Program	OAR	46
31	Commission for Environmental Cooperation	OIA	47

32	Compliance Assistance and Centers	OECA	<b>48</b>
33	Compliance Incentives	OECA	<b>49</b>
34	Compliance Monitoring	OECA	<b>50</b>
35	Congressionally Mandated Projects	all	<b>51</b>
36	Criminal Enforcement	OECA	<b>52</b>
37	Drinking Water Programs	OW	<b>53</b>
38	Endocrine Disruptors	OPPTS	<b>54</b>
39	Enforcement Training	OECA	<b>55</b>
40	Environment and Trade	OIA	<b>56</b>
41	Environmental Education	OA	<b>E9</b>
42	Environmental Justice	OECA	<b>57</b>
43	Federal Stationary Source Regulations	OAR	<b>58</b>
44	Federal Support for Air Quality Management	OAR	<b>59</b>
45	Federal Support for Air Toxics Programs	OAR	<b>60</b>
46	Federal Vehicle and Fuels Standards and Certification	OAR	<b>61</b>
47	Forensics Support	OECA	<b>62</b>
48	Geographic Program: Chesapeake Bay	OW	<b>63</b>
49	Geographic Program: Great Lakes	OW	<b>64</b>
50	Geographic Program: Gulf of Mexico	OW	<b>65</b>
51	Geographic Program: Lake Champlain	OW	<b>66</b>
52	Geographic Program: Long Island Sound	OW	<b>67</b>
53	Geographic Program: Other	OW	<b>68</b>
54	Great Lakes Legacy Act	OW	<b>69</b>
55	Homeland Security: Communication and Information	OEI, OA	<b>70</b>
56	Homeland Security: Critical Infrastructure Protection	OW,OECA,OPPTS,OAR	<b>71</b>
57	Homeland Security: Preparedness, Response, and Recovery	OSWER,OAR,OPPTS,ORD	<b>72</b>
58	Human Health Risk Assessments (formerly IRIS)	ORD	<b>84</b>
59	Indoor Air: Asthma Program	OAR	<b>74</b>
60	Indoor Air: Environment Tobacco Smoke Program	OAR	<b>75</b>
61	Indoor Air: Radon Program	OAR	<b>76</b>
62	Indoor Air: Schools and Workplace Programs	OAR	<b>77</b>
63	Infrastructure Assistance: Alaska Native Villages	OW	<b>78</b>
64	Infrastructure Assistance: Brownfields Projects	OSWER	<b>79</b>
65	Infrastructure Assistance: Clean Water SRF	OW	<b>80</b>
66	Infrastructure Assistance: Drinking Water SRF	OW	<b>81</b>
67	Infrastructure Assistance: Mexico Border	OW	<b>82</b>
68	Infrastructure Assistance: Puerto Rico	OW	<b>83</b>
69	International Capacity Building	OIA / OECA	<b>85</b>
70	LUST / UST	OSWER	<b>86</b>
71	LUST Cooperative Agreements	OSWER	<b>87</b>
72	Marine Pollution	OW	<b>88</b>
73	National Estuary Program / Coastal Watersheds	OW	<b>89</b>

74	NEPA Implementation	OECA	<b>90</b>
75	Oil Spill: Prevention, Preparedness, and Response	OSWER	<b>91</b>
76	Pesticides: Field Programs	OPPTS	<b>92</b>
77	Pesticides: Registration of New Pesticides	OPPTS	<b>93</b>
78	Pesticides: Review / Reregistration of Existing Pesticides	OPPTS	<b>94</b>
79	Pollution Prevention Program	OPPTS	<b>95</b>
80	POPs Implementation	OIA	<b>96</b>
81	Radiation: Protection	OAR	<b>97</b>
82	Radiation: Response Preparedness	OAR	<b>98</b>
83	RCRA: Corrective Action	OSWER	<b>99</b>
84	RCRA: Waste Management	OSWER	<b>A1</b>
85	RCRA: Waste Minimization & Recycling	OSWER	<b>A2</b>
86	Regional Geographic Initiatives	OA	<b>G3</b>
87	Regulatory / Economic - Management and Analysis	OA	<b>A3</b>
88	Regulatory Innovation	OA	<b>A4</b>
89	Research: Air Toxics	ORD	<b>A5</b>
90	Research: Computational Toxicology	ORD	<b>A6</b>
91	Research: Drinking Water	ORD	<b>A7</b>
92	Research: Endocrine Disruptor	ORD	<b>A8</b>
93	Research: Environmental Technology Verification (ETV)	ORD	<b>A9</b>
94	Research: Global Change	ORD	<b>B1</b>
95	Research: Human Health and Ecosystems	ORD	<b>B2</b>
96	Research: Land Preservation and Restoration	ORD	<b>B3</b>
97	Research: Particulate Matter	ORD	<b>B4</b>
98	Research: Pesticides and Toxics	ORD	<b>B5</b>
99	Research: Pollution Prevention	ORD	<b>B6</b>
100	Research: SITE Program	ORD	<b>B7</b>
101	Research: Fellowships	ORD	<b>B8</b>
102	Research: Troposphere Ozone	ORD	<b>B9</b>
103	Research: Water Quality	ORD	<b>C1</b>
104	Science Policy and Biotechnology	OPPTS	<b>C2</b>
105	State and Local Prevention and Preparedness	OSWER	<b>C3</b>
106	Stratospheric Ozone: Domestic Programs	OAR	<b>C4</b>
107	Stratospheric Ozone: Multilateral Fund	OAR	<b>C5</b>
108	Superfund: Emergency Response and Removal	OSWER	<b>C6</b>
109	Superfund: Enforcement	OECA / OCFO	<b>C7</b>
110	Superfund: EPA Emergency Preparedness	OSWER	<b>C8</b>
111	Superfund: Federal Facilities	OSWER	<b>C9</b>
112	Superfund: Federal Facilities IAGs	OECA	<b>D1</b>
113	Superfund: Remedial	OSWER	<b>D2</b>
114	Superfund: Support to Other Federal Agencies	OSWER	<b>D3</b>
115	Surface Water Protection	OW	<b>D4</b>
116	Toxic Substances: Chemical Risk Management	OPPTS	<b>D5</b>

117	Toxic Substances: Chemical Risk Review and Reduction	OPPTS	<b>D6</b>
118	Toxic Substances: Lead Risk Reduction Program	OPPTS	<b>D7</b>
119	TRI / Right to Know	OEI	<b>D8</b>
120	Tribal - Capacity Building	OW	<b>D9</b>
121	US---Mexico Border	OIA	<b>E1</b>
122	Wetlands	OW	<b>E2</b>
<b>Support (in-direct charged) Programs</b>			
1	Acquisition Management	OARM	<b>F3</b>
2	Administrative Law	OA	<b>E3</b>
3	Alternative Dispute Resolution	OGC	<b>E4</b>
4	Audits, Evaluations, and Investigations	OIG	<b>G2</b>
5	Central Planning, Budgeting, and Finance	OCFO	<b>E5</b>
6	Civil Rights / Title VI Compliance	OA	<b>E7</b>
7	Congressional, Intergovernmental, External Relations	OA / OECA	<b>E8</b>
8	Exchange Network	OEI	<b>F1</b>
9	Facilities Infrastructure and Operations	OARM	<b>F2</b>
10	Financial Assistance Grants / IAG Management	OARM	<b>G7</b>
11	Homeland Security: Protection of EPA Personnel and Infrastructure	OARM, OAR, OSWER, OIA	<b>73</b>
12	Human Resources Management	OARM	<b>F5</b>
13	Information Security	OEI	<b>F6</b>
14	IT / Data Management	OEI / OECA	<b>F8</b>
15	Legal Advice: Environmental Program	OGC	<b>F9</b>
16	Legal Advice: Support Program	OGC	<b>G1</b>
17	Regional Science and Technology	OA	<b>G4</b>
18	Science Advisory Board	OA	<b>G5</b>
19	Small Business Ombudsman; Small Minority Business Assistance	OA	<b>G6</b>
141	Total Number of Program/Projects		

Note: \* - these offices indirectly charge for Brownfields activities

## Exhibit 2-5 Agency Activity Codes

<b><u>Environmental Activities</u></b>	<b><u>PRC Code</u></b>
<b><u>Research and Development:</u></b> Research and development for the purpose of establishing the information needed to make environmental program decisions.	<b>A</b>
<b><u>Regulation/Policy Development:</u></b> Development or revision of regulatory policies, standards, rules and regulations, guidance documents to implement laws, outreach documents, and related training.	<b>B</b>
<b><u>Environmental Program Implementation:</u></b> Activities directly carried out by EPA that are related to environmental program implementation (e.g. regulatory, non-regulatory, or voluntary programs).	<b>C</b>
<b><u>Financial Assistance to Non-Governmental Organizations:</u></b> Exchange or transactions between EPA and non-governmental entities to accomplish a Federal goal or objective. Includes assistance agreement funding to non-profit organizations, institutes of higher learning, etc.	<b>D</b>
<b><u>Financial Transfer to Governmental Organizations:</u></b> Financial exchanges or transactions between EPA and other governmental entities to accomplish a Federal goal or objective. Includes interagency agreements with other Federal agencies and assistance agreements to local, state, multi-state, and Tribal governments.	<b>E</b>
<b><u>Support Activities</u></b>	
<b><u>Administrative Management:</u></b> Day-to-day management and maintenance of the internal infrastructure such as for facilities, equipment, security, and fleets, purchasing, tracking, and overall management of goods and services provided by the Agency such as acquisition of goods and services, inventory controls, logistics management, and services. Interagency and assistance agreement management by grant specialists.	<b>L</b>
<b><u>Planning and Resource Management:</u></b> Determining strategic direction, identifying and establishing programs and processes, and allocating resources among programs. Strategic planning for capital, workforce, or resources, budget formulation and execution (funds control), performance reporting, and enterprise architecture reporting.	<b>M</b>

	<u>PRC Code</u>
<u>Controls and Oversight</u> : Activities (beyond Regulated Activity Management) that ensure Federal programs and operations and its external partners comply with applicable laws and regulations and prevent waste, fraud, and abuse. Auditing and review activities are related to program evaluation and corrective actions.	<b>N</b>
<u>Financial Management</u> : Involves activities related to collection and payment functions, general accounting, payroll and travel processing, asset management, and reporting of finances (e.g., financial statements). Does not include Superfund cost recovery functions in the program or finance offices.	<b>P</b>
<u>Human Resources Management</u> : Recruitment and management of human resources such as workforce planning, organizational analysis, human resource policy development, classification of positions, recruitment, advancement, awards, training, security clearances, performance management, and employee and labor relations.	<b>Q</b>
<u>Information Life cycle Management</u> : Managing non-technical/non-programmatic information such as establishing and managing the policies, guidelines, and standards regarding centralized automated information systems, coordination of information collection processes, information storage, and information dissemination. Development and maintenance of automated systems, support to LAN systems, records management, libraries, dockets and equipment such as wiring, etc.	<b>R</b>
<u>Executive Leadership</u> : Management of operations at the Administrator and Deputy Administrator level. The activities of Assistant Administrators, Deputy Assistant Administrators, Regional Administrators, and Deputy Regional Administrators may also be included in this category, if deemed appropriate by the office. This category also captures the non-programmatic activities of Congressional/legislative liaisons and Public Affairs offices.	<b>S</b>
<u>Legal Services</u> : This activity captures the activities of the Office of General Counsel, Offices of Regional Counsel, Administrative Law Judges, and Environmental Appeals Boards. This category does not include the activities of the Office of Enforcement and Compliance Assistance.	<b>T</b>

## CHAPTER 3

### PROGRAM/PROJECTS (P/PS)

#### **BACK- GROUND**

Program/Projects are a new element under the five-goal budget architecture. They define "what" the Agency does based upon specific statutory authorities (i.e., programs) or "what" significant tasks or problems the Agency is addressing (i.e. projects). One hundred percent of the Agency's resources are covered by the Program/Project list, with no overlap.

Program/Projects were created to relate the Agency's budgetary/financial structure closer to the primary programs of the Agency to address three problems.

- Program/Projects should improve everyone's understanding of how much the Agency spends on its primary programs. This new budget element replaces Key Programs that were major program areas utilized by Congress in the budget formulation stage. However, Key Programs were not part of budget execution. Therefore, no execution or accounting information existed on Key Programs which was unacceptable to Congress. Establishing and utilizing Program/ Projects through the entire life of a budget (planning, formulation, execution, and accounting) will ensure the Agency can address questions about how much the Agency spent on major program areas.
- Program/Projects should reduce the number of significant changes required with each new Strategic Plan. The Agency has experienced two major restructures of the budget/finance architecture over the past 6 years to align the system to the new Strategic Plan. Since Program/ Projects are related to the Agency's primary programs, which change less frequently, we anticipate future Strategic Plan changes will not require as much restructuring of the budget/finance systems as has been experienced.
- Program/Projects with self-explanatory titles should help external parties better understand the Agency's budget structure. Former titles of budget elements did not always relate well with Strategic Plan titles, help people understand the budget structure, or help people locate resources within a program. Establishing self-explanatory titles for Program/Projects, such as using program names as prefixes (e.g., Pesticides:) should help people better understand how major program areas relate to the Agency's budget structure.

Program/Projects were developed with the National Program Managers (NPM) and the Regions to assist them in planning, budgeting, and accounting for their financial resources, making decisions, monitoring performance, and evaluating



programs and projects. The level of detail associated with the Agency's Program/Projects probably will not be sufficient to achieve these tasks for the NPMs. However, Program/Project will provide the basic level of information shared outside the Agency on resource levels related to Agency performance, a major concern for any NPM or Region. As the Agency begins to execute the FY 2004 Budget under this new budget architecture, we anticipate refinements in Program/Projects will be required.

FORMULATING AND EXECUTING BY PROGRAM/PROJECTS

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Basic Structure of the Program/Projects (P/P)

- Program/Projects are categorized as either (a) environmental or (b) support P/P. This categorization is related to the approach of either "direct" charging costs as is done for environmental P/P or "indirect" charging as is done for support P/Ps.
- Titles of Program/Project are designed to be self-explanatory to easily relate them to the Agency major program areas (e.g., RCRA, Superfund, and Research).
- Categorical state grants are identified with a prefix of "Categorical Grant" and then the name of the grant program.
- No NPM or Region "owns" any Program/Project. Multiple NPMs can contribute to the same Program/Project. To be noted, a single Program/Project may support several different Goal/Objective combinations based on the NPM. However, a Program/Project must be either environmental (i.e. charged to at least one Goal/Objective) or support (charged as ZZZ); in effect, a Program/Project cannot be charged to both ZZ and a Goal/Objective.
- Homeland Security Program/Projects identify all NPMs involved in this area.. OCFO will manage how resources associated with these P/Ps are utilized.
- Alphanumeric codes have been established for each Program/Project. Codes for Categorical Grants are the same as former "Major Program" codes used in the 10-goal structure. Codes for all others P/Ps were established by generally associating P/P codes with an alphabetized list of environmental and support P/Ps.

Budget Execution

- Program/Project codes are the 5th and 6th position in the new PRC. Identify the correct P/P code using:
  - Exhibit 2-4 which list all P/Ps;
  - Exhibit 2-6 which list PRCs by NPMs;
  - Description Book; and
  - Agency Master Account Crosswalk.

- Program/Project codes are to be included in every PRC regardless of whether the PRC is "directly" or "indirectly" charging costs to the P/P. Program/Projects are only valid in IFMS if they can be identified in the Agency's new (a) Description Book and (b) Master Account Crosswalk.

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ESTABLISH-  
ING OR  
CHANGING  
PROGRAM/  
PROJECTS

To establish or change a Program/Project, an NPM must submit a proposal with a justification to the OCFO's Annual Planning and Budget Division (APBD) for review and approval. This justification must identify an existing P/P (in whole or part) affected by the creation or revision. Further the NPM must establish in the justification that 100% of the Agency's resources are covered by the final revised Program/Project list, with no overlap. If approved, OCFO will issue guidance to the Agency's resource community on how to implement this change. This will require changes to the:

- Description Book;
- Agency Master Account Crosswalk; and
- BAS and IFMS.

Changes to Program/Projects will normally be considered at the beginning of the planning and formulation process, starting in April. Preliminary discussions with the OCFO/APBD are advisable.

## CHAPTER 4

### ACTIVITIES

#### BACK- GROUND

Agency Activities are a new element under the five-goal budget architecture. They are a subset of Program/Projects to define "how" the Agency spends resources. Agency activities represent a separate cross-section of the Agency's resources in comparison to the Program/Projects (i.e., "what" the Agency spends its resources on). One hundred percent of the Agency's resources are covered by the Agency Activity list, with no overlap. The Agency Activity list follows the basic functional structure and definitions of the new OMB Business Reference Model to define and analyze the general business of government.

Agency Activities were developed in cooperation with the National Program Managers and the Regions to ensure proper definitions of "how" resources are categorized. The definitions of the Agency Activities are listed in Exhibit 2-5.

Agency activities will be used both in budget formulation and execution. Additional fields in the new PRC are available for RPIO.

As the Agency begins to execute the FY 2004 Budget under this new budget architecture, we anticipate refinements in Agency Activities may be required.

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#### FORMULAT- ING AND EXECUTING AGENCY ACTIVITIES

##### Structure of Agency Activities

- Agency Activities are categorized as either (a) environmental or (b) support. This categorization is related to the approach of the OMB Business Reference Model that identifies specific functions of the government in utilizing resources. There are 5 environmental Agency Activities and 8 support Agency Activities
- Agency Activities relate to all Program/Project regardless of whether the P/P is categorized as "environmental" or "support". However, some Agency Activities are more oriented to specific P/P based upon the nature of the program activities (e.g., Support Agency Activities are more oriented to "support" program/projects).
- The use of Support Agency Activities should be limited primarily to the Agency support offices such as OARM, OCFO, OGC, etc. In addition, specific NPMs have been associated with some Agency Activities such as OGC for Legal Services "T".
- Alpha codes have been established for each Agency Activity based

upon the grouping of Environmental Agency Activities first and then Support Agency Activities.

#### Budget Execution

- Agency Activities codes are the 7th position in the new PRC. Identify the correct Agency Activity using:
  - Exhibit 2-5 which list all Agency Activities;
  - Description Book; and
  - Agency Master Account Crosswalk.

When spending, Agency Activity codes are to be included in every PRC. However, Agency Activities will not be used in the IFMS Operating Plan.

Agency Activities are only valid in IFMS if they can be identified in the Agency's:

- Description Book and
- Master Account Crosswalk.

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#### **CHANGING AGENCY ACTIVITIES**

To change an Agency Activity, an NPM must submit a proposal with a justification to the OCFO's Office of Budget (OB) for review and approval. This justification must identify any existing Agency Activities (in whole or part) affected by the creation or revision. Further, the NPM must establish in the justification that 100% of the Agency's resources are covered by the final revised Agency Activities list with no overlap. If approved, OCFO will issue guidance to the Agency's resource community on how to implement this change. This will require changes to the:

- Description Book;
- Agency Master Account Crosswalk; and
- BAS and IFMS.

Changes to Agency Activities will normally be considered at the beginning of the planning and formulation process, starting in April. Preliminary discussions with the OCFO/APBD are advisable.

## CHAPTER 5

### RPIO ACTIVITIES

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#### BACK- GROUND

Responsible Program Implementation Office (RPIO) activity code responds to comments raised by the National Program Managers (NPMs) that information captured at the Agency activity level may not meet all of their management and/or reporting needs. In designing the new Program Results Code (PRC) for EPA's five-goal structure, two characters in the PRC string have been reserved for the use of RPIOs who need additional levels of cost accounting information. An RPIO may request an RPIO activity code as described below. While establishing an RPIO activity code is not required, once one is established, its use is mandatory. As such, requests for these codes must reflect clearly demonstrated reporting needs and should be carefully analyzed and considered. For example, in some cases, manual accounting and reporting may be less costly and time consuming than the creation and use of an RPIO activity code.

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#### FORMULAT- ING AND EXECUTING RPIO ACTIV- ITIES

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##### Structure of RPIO Activities

- RPIO Activities are categorized as either (a) Single RPIO Activities (i.e., the reporting requirement affects a single RPIO or (b) Multiple RPIO Activities (i.e. the reporting requirement affects multiple RPIOs). These categories are based upon the scope of accounting required for each RPIO Activity Use of a Multiple RPIO Activity requires attaining consensus of 70% of the RPIOs affected by the reporting requirement before it can be considered for approval and establishment by OCFO. Once established, use of the Multiple RPIO is required. Whether or not to pursue establishment of an RPIO code is at the discretion of the RPIO.
- RPIO Activities can relate to any Program/Project and Agency Activity regardless of whether categorized as "environmental" or "support".
- The use of RPIO Activities should be limited primarily for those Agency programs that require close management accounting than is afforded by the seven digit PRC string. Infrequent accounting or management of a program element may not warrant establishment of a RPIO Activity (i.e. RPIOs may wish to utilize manual rather than automated reporting for this purpose).

- Codes will be established annually by the OCFO for each RPIO Activity.

#### Budget Execution

- RPIO Activities are the 8<sup>th</sup> and 9<sup>th</sup> position in the new PRC.
  - Identify the correct Agency Activity by using the list of Agency Activities identified in Exhibit 2-5 Agency Activity Codes
  - When spending, RPIO Activity codes are to be included in PRCs only used by the RPIOs related to the program area involved.
  - RPIO Activities are only valid in IFMS if they can be identified in the Agency's new
    - (a) Description Book and
    - (b) Master Account Crosswalk.

#### **ESTABLISH- ING RPIO ACTIVITIES**

The use of the code, whether impacting a single or multiple RPIOs, will require the approval of the Office of the Chief Financial Officer (OCFO). All RPIO codes will be assigned by the Annual Planning and Budget Division (APBD). Requests for RPIO activity codes for use in FY 2004 execution and FY 2005 formulation are due to OCFO no later than October 31, 2003.

- Process for Codes that Affect a Single RPIO (i.e. A single RPIO activity):
  - In cases where the RPIO will use the code to track activity within the RPIO, the RPIO Senior Budget Officer (SBO) or the Regional Comptroller will submit its request directly to the Control Team Leader for the Formulation, Control and Policy Branch of APBD for approval. Requests originating with programmatic staff should be made through the Senior Budget Officer or the Regional Comptroller. Regional Offices making requests will also discuss the proposal with the appropriate NPM to avoid any future duplication of effort or conflicting requests. Disputes between RPIOs regarding code requests will be brokered by APBD and addressed on a case-by-case basis using alternative accounting mechanisms.
  - Each request should include a brief description of the information to be captured by the code including:
    - Name of proposed RPIO Activity
    - Program(s) impacted
    - Rationale for tracking and accounting for the activity
    - Whether the code will be used in formulation and execution or just in execution.

- ▶ List of PRCs affected by the new RPIO activity

Upon discussion with the appropriate APBD Media Analysts and other offices within OCFO, APBD will inform the Senior Budget Officers and the Regional Comptrollers of approval or disapproval of all the single RPIO codes requested. Depending on the request, codes will be assigned to be incorporated into the FY 2005 President's Budget request or will be approved for FY 2004 execution.

- Process for Codes that Affect Multiple RPIOs (i.e. “multiple RPIO activity”)
  - An RPIO code that will affect multiple RPIOs will be reviewed and approved using a phased approach, as discussed below.
  - Phase I - Attaining Consensus Among Affected RPIOs
    - ▶ The requesting RPIO must get at least 70% of the affected RPIOs to agree with the creation and use of a RPIO activity code before submitting any request to OCFO. It will be the responsibility of the requesting RPIO SBO or Regional Comptroller to contact their counterparts (i.e. SBOs or Regional Comptrollers) in offices that will be affected by the creation of the code to obtain their comments or concerns about the automated reporting process. Since an open discussion with all affected RPIOs is essential, a group teleconference is recommended as the preferred approach. It is the responsibility of the affected SBOs or Regional Comptrollers to coordinate with their programmatic staff in making a decision on RPIO concurrence. If the new code will affect Regional Offices, the requesting SBO or Regional Comptroller must include the Lead Region Coordinator for the program impacted in the decision process. Consensus (i.e. approval by at least 70% of the affected RPIOs) must be demonstrated in the request for a RPIO Code for FY 2004 execution and FY 2005 formulation by October 31, 2003.
  - Phase II - Requesting Approval from OCFO
    - ▶ The requesting RPIO SBO or Regional Comptroller for a multiple RPIO activity will submit a request directly to the Control Team Leader for the Formulation, Control and Policy Branch of APBD1 for approval. In cases where multiple Regional Offices will be affected, the programmatic Lead Region Coordinator must also sign off on the request (Note: the Lead Region=s Comptroller does not need to be in the 70% of Regional Comptrollers

in concurrence to grant the RPIO activity code request.). Likewise, if a Region is proposing an RPIO code, the associated Headquarters SBO must be made aware of the request.

- Three different components should be included in the multiple RPIO activity proposal request:
  1. If applicable, the requesting RPIO will provide a brief description of any current manual reporting and the benefits of automating the process.
  2. The request should include the name of proposed RPIO Activity, the program(s) and/or RPIOs impacted, the rationale for tracking the activity, whether the code will be used in formulation and execution or just in execution, a list of PRCs affected by the new code, and the process used to attain consensus across the RPIOs.
  3. Signatures of affected SBOs, Regional Comptrollers, and if appropriate, the programmatic Lead Region Coordinator in order to verify that a 70% consensus was attained across those affected RPIOs. Concerns expressed by dissenting RPIOs should also be included in the documentation provided to OCFO. Email messages will suffice as documentation of approval/concerns by an SBO or Regional Comptroller.
- Upon discussion with the appropriate APBD Media Analysts and other offices within OCFO, APBD will inform the Senior Budget Officers and the Regional Comptrollers of approval or disapproval of all the multiple-RPIO codes requested. If approved, APBD will assign the RPIO activity code. Depending on the request, codes will be assigned to be incorporated into the FY 2005 President's Budget request or will be approved for FY 2004 execution.

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**CHANGING RPIO ACTIVITIES** Changes to RPIO Activities will be considered if all the required documentation is received by OCFO -APBD BY June 30 for the subsequent budget formulation year, justification to be provided to OCFO/APBD for review and approval.

However, for FY 2004 and FY 2005, RPIO Activity proposals should be submitted to OCFO/APBD by October 21, 2003. These proposals will be reviewed in November 2003. Preliminary discussions with OCFO/APBD are advisable. To change an RPIO Activity, an NPM must submit a proposal with a justification to the OCFO/APBD for review and approval. If approved, OCFO will issue guidance to the Agency's resource community on how to implement this change.



This will require changes to the:

- Description Book,
- Agency Master Account Crosswalk, and
- IFMS

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**IMPACT ON PROGRAM/PROJECTS** Decisions on RPIO Activities may cause some offices to reconsider the current set of Program/Projects (P/P). The P/P are designed to be consistent over time and while the list may change (e.g., to reflect organizational changes, statutory changes), the Agency needs to be judicious when proposing revisions. Changes to P/P may only be considered during the formulation stage of the budget (i.e. NPMs would submit P/P proposals along with their initial budget requests). Prior to submission to OCFO, proposed changes to the P/P list should be seriously considered and discussed with the Regions (including Lead Region). More information on requesting revisions to P/P is contained in OCFO Policy 03-10, Procedures and Guidance for Budget Execution and Accounting Using EPA's New Strategic Architecture.

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**FUTURE YEAR RPIO ACTIVITY CODE REQUEST REQUIREMENTS** New RPIO Activity Code requests will be considered for FY 2005 execution and FY 2006 formulation later in FY 2004. The same process described above will be used to process these requests. All requests will be due to APBD by June 30 each year for the following budget year for formulation and/or execution

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**RPIO ACTIVITY CODE ASSIGNMENT RESPONSIBILITIES AND EXPIRATION** OCFO will coordinate the assignment of codes to ensure consistency. For example, if more than one RPIO requests an activity code for the same task (e.g. Regional permitting), OCFO will assign the same code to both RPIOs. This decision will be based on the rationale and program impacts submitted in the requesting RPIOs' proposals.

It is the responsibility of the RPIO to verify the data collected under the RPIO activity codes they have requested, negotiated and established.

OCFO will review the use of all RPIO activity codes (single and multiple) annually. If a code has not been used within a three year time period for reporting, OCFO will delete it from the system. In addition, RPIO codes may also be retired when no longer needed as a result of the creation of a new Program/Project.

## CHAPTER 6

### ENABLING SUPPORT PROGRAMS (ESPs)

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#### **BACK- GROUND**

The Agency has been operating under a ten goal strategic architecture but is now converting to a five goal structure architecture beginning in Fiscal Year 2004. Under the ten goal structure, support programs were identified in a specific support-oriented goal, for the most part (Goal 10). Under the new five goal structure, support programs will no longer have their own goal, but will instead be allocated among the five new environmental Strategic Goals. Enabling Support Programs (ESPs) are defined as programs that will not "directly" charge to specific goals and objectives but distribute their charges "indirectly," across those goals and objectives that benefit from the ESP.. Generally, ESPs are within OARM, OCFO, OEI, OA, OGC, and OIG.

Allocation methodologies for each program categorized as "support" have been developed and for example include grants, contracts, facilities management, human resources, information technology, general counsel, and Inspector General activities. The development of the allocation methodologies was a participative process with individual offices to ensure that the methodologies made sense, were sound, and uncomplicated. This required several weeks of discussions, meetings, feedback and cooperation. The final product generated over 70 individual allocation methodologies for all of the "support" programs. These methodologies will now be used to distribute resources indirectly across the appropriate environmental goals with the purpose of accounting for the full costing of achieving these environmental goals.

Unlike under the 10 goal structure, support resources will now be allocated across the new goals indirectly, using an external reporting mechanism. Support resources will no longer be allocated across the environmental goals in IFMS. This approach will save time and resources to process support resources in the accounting system.

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#### **FORMULAT- ING AND EXECUTING ESPs (ALLOCAT- ING THEM TO THE NEW GOALS/ OBJECTIVES OUTSIDE OF IFMS)**

- Formulation and Budget Development outside of the Financial System
  - Resources are initially identified by the NPMs as NOT directly charged to a specific goal/objective.
  - NPMs develop an allocation methodology (if not already established) and submit it to OCFO for review and approval.
  - APBD will centrally allocate costs to the Goals and Objectives according to the methodology agreed upon-whether it's universal or individualized per project or NPM.
  - Even after allocated, the resources will maintain a tag indicating they make up the "Enabling Support" resources.

- IFMS Budget
  - Enabling Support resources will be rolled back up into their non-goal affiliated status.
  - RPIOs impacted will have a budget that will consist of PRCs for the 5 environmental goals, and PRCs for the Enabling Support programs that are not identified with a specific Goal & Objective.
    - Example: Region 1, might have resources in 101A45C, 201B53C and ZZZJE5M
    - ZZ = Enabling Support "goal and objective"
    - J = NPM (OCFO)
    - E5 = Program/Project
    - M = Agency Activity

This is different from the current distribution accounts, which do not have any budgets; these would have operating plan dollars associated with them in IFMS.

- IFMS Spending
  - Users will charge against the Enabling PRCs.
  - These charges will remain in IFMS and will not be distributed to the 5 goals in IFMS. At year-end those charges will remain in IFMS in their ZZ form.
- Year-end and Quarterly Reporting
  - Reporting systems (BAS / ORBIT) that pulls data from IFMS will allocate the ESP spending information to the appropriate goals and objectives according to the allocation methodologies.

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**ESTABLISH-  
ING OR  
CHANGING  
AN ESP  
METHODOL-  
OGY**

To declare a program as an ESP you must submit a proposal with justification, along with a proposed allocation methodology, to the Director, Annual Planning and Budget Division (APBD), for review and approval. If approved, the allocation methodology will be applied to the resources declared as an ESP.

To change an existing ESP methodology, submit a revised methodology along with a proposal and justification to the Director, APBD for review and approval.

## CHAPTER 7

### PAYROLL COSTS

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#### **BACK- GROUND**

EPA offices can continue to use their existing payroll charging practice of using predetermined fixed account numbers (FANS) to directly charge payroll costs. The new payroll system allows for an unlimited number of FANS. In assessing how to charge payroll costs, offices should consider the related concepts of predominant benefit and materiality. Under these concepts, payroll costs with substantial benefits/results for some Program/Projects and marginal benefits for others, may be charged only to those accounts receiving the largest benefit.

Some offices, because of the nature of their work, may not be able to directly charge their work to a specific Program/Project and may have to charge their work initially to an ESP FAN at a Goal or Objective level. Examples include management and front office staff whose work supports multiple Goals and Objectives. As stated in chapter 5, charges to ESPs will be allocated using a documented methodology based on a relevant common denominator.

#### **DIRECT CHARGING OF PAYROLL COSTS**

- Employees who routinely work on one Program/Project will use one FAN to charge payroll costs.
- Employees or offices that work on more than one Program/Project can use as many FANS as necessary as long as appropriate to reflect the work performed. Work split to multiple Programs/Projects will be split on a percentage basis and the percentages must equal 100 percent. If these FANS use multiple appropriations, FMD must approve the methodology to allocate between appropriations. Resources Management Directive 2550D, Financial Management of the Superfund Program, Chapter 5 Allocation of Personnel and Support Costs to the Superfund Appropriation, provides guidance for split funding involving the Superfund. Also, Resources Management Directive 2520, Administrative Control of Appropriated Funds, Chapter 4 - Special Subject Items, provides guidance for split funding for all other Appropriations.

## **CHAPTER 8**

### **WORKING CAPITAL FUND**

#### **BACK- GROUND**

The Working Capital Fund (WCF) uses the Project Cost Accounting Subsystem (PCAS) of IFMS to record customer Service Agreements (SAs) and associated billings to clients. The subsystem provides the capability for clients to be automatically billed by WCF SA for services consumed during an accounting period (month). In previous years, the Agency's strategic plan required customer funding to be spread across the ten Goals and numerous Objectives and Subobjectives for proper cost accounting. In FY 2004, the structure of the Agency's strategic plan has been simplified based upon five Goals and associated Objectives, Program/Projects, and Activities.

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#### **WCF SERVICE AGREE- MENT**

The WCF offers a portfolio of administrative services to the Agency. In the 4<sup>th</sup> quarter of the FY, a WCF SA Call Memo is transmitted to Senior Resource Officials (SROs) throughout the Agency advising them of the WCF services and rates for the upcoming FY. Program Offices and Regions are responsible for determining their specific WCF service requirements and the desired organizational level for managing WCF SAs. Once clients determine their annual WCF service requirements, the number of individual SAs required is determined by answering the question "Who benefits from this service?". For each service to be ordered, answering this question requires clients to consider the proper use of appropriations, program result codes (PRCs) and the Agency's requirements for Information technology (IT) cost accounting. It may be possible to group service requirements based upon similar "funding profiles" (same appropriation(s), PRC codes, IT cost accounting) and order these services on a single SA. Separate SAs are required for each group of required services having a unique "funding profile".

Charges for WCF services consumed on a WCF SA during an accounting period (month) will be billed to the WCF client automatically no later than the 15<sup>th</sup> of the following month.

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#### **FUNDING WCF SAs**

Funding for services ordered on a WCF SA should reflect appropriate cost accounting guidance with emphasis on the proper use of appropriations, program result codes (PRCs) and the Agency's requirements for Information technology (IT) cost accounting. When a client uses multiple appropriations to fund an SA, the funds are obligated in IFMS and the PCAS system uses the percentage of the total funding for each line of accounting to pro-rate the monthly billing charges over all sources of funds. If the client funds the SA with the same appropriation, regardless of the budget fiscal year, the client has

the option to request sequential billing by RQ line number on an SA. When this option is used, the PCAS system automatically distributes the charges to the first funding line until it is liquidated, proceeds to the next funding line until it is liquidated, etc. until the billed amount is reached.

Follow the steps in the table below when funding a WCF SA:

<b>STEP</b>	<b>ACTION</b>
1	Clients determine what WCF services are required to support their mission.
2	For each required service, clients determine the appropriate Appropriation(s), Program Results Code(s) and IT cost accounting required for funding.
3	Clients group required services that have the same funding requirements and create separate SAs for each group.
4	Clients use a Procurement Request (PR), either electronic or paper, to order services and fund each SA.
5	Client obtains internal management approval for each SA.
6	Client commits funds in IFMS and submits the SA to WCF Activity.
7	For SAs that are funded with a single appropriation, clients indicate the desired billing methodology (pro-rated vs sequential by RQ line number) on the Service Agreement. Default is “pro-rated”..
8	WCF Activity accepts the SA and sends acceptance copy to the RTP Finance Center for processing.
9	RTP Finance Center obligates the funds cited on the SA.
10	RTP Finance Center enters SA data in PCAS to facilitate the monthly billing process.
11	WCF Activity reports actual service consumption by SA to the RTP Finance Center. The WCF Business Office bills clients monthly via interface file to IFMS.

12	<p>PCAS calculates the billing to each SA and subsequently creates IFMS transactions to draw down the client's sources of funds. Clients can use Financial Data Warehouse queries to see SA obligations are being liquidated.</p> <p>NOTE 1: Steps 1-11 are repeated when SA modifications occur.</p>
13	<p>IFMS executes an automatic deobligation process that puts the funds back in the AH/RC for their re-use once WCF Activities determine no more charges will be billed to the customer. This process is typically completed during the FY following the SA's period of performance.</p>

## **CHAPTER 9**

### **PERFORMANCE AND PARTNERSHIP GRANTS (PPGS)**

#### **BACK- GROUND**

In the Omnibus Consolidated Rescissions and Appropriations Act of 1996 and EPA's FY 1998 Appropriations Act, Congress authorized the award of Performance Partnership Grants (PPGs). PPGs allow states and interstate agencies to combine two or more environmental program grants into one grant. The benefits accruing from the use of PPGs are: 1) administrative savings by reducing the amount of grant paperwork, 2) simplified accounting requirements since states/interstate agencies aren't required to track funds back to the individual grants contained in the PPG, and 3) flexibility when negotiating work plans so that states/interstate agencies can address their most critical environmental and public health problems.

The GPRA requires Agencies to be accountable for program performance and the resources used to achieve that performance. Since PPG dollars are a considerable portion of the Agency's budget, how EPA reports their use will significantly impact the Agency's GPRA structure. EPA will not require states to submit additional reports but will require EPA personnel to crosswalk PPG work plans/Performance Partnership Agreement (PPA) to the GPRA structure, specifically to Program/Projects. The Agency had developed business rules to link resources associated with Program/Project codes to the 2003 Strategic Plan (See Chapter 3).

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#### **DIRECT CHARGING**

Since the GPRA structure identifies program specific results such as Clean Air or Clean Water, PPGs will need to be aligned with the Program/Project they support rather than being contained in one PPG Program/Project. The specific grant types will be identified using the PRC Program/Project field (characters 5 and 6 in the PRC). Categorical Grants Program/Projects will retain the identification number used previously as the Major Program Code in the new PRC. For example, Radon Grants would have the PRC of 102A05D or 102A05E. (Goal 1, Objective 02, NPM A for Air, Program /Project 05 and Agency Activity D or E).

See Chapter 2, Account Number Structure for a list of the current Programs/Projects.

There are several approaches for charging PPGs. The first approach is to directly charge to a specific Program/Project. Another approach is to directly charge to multiple Programs/Projects. The Project Officer then crosswalks the PPG work plan to each Program/Project and funds are then committed, obligated, and expended from the Programs/Projects.



Any significant change to the PPG work plan must be reported to EPA. If the work plan change impacts the crosswalk methodology, the methodology must be revised. That change would be handled through the amendment process that currently exists for PPGs. A revised methodology will require an additional reprogramming. Upon receipt of the revised methodology, the Finance Office will process future draw downs using the new methodology.

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**ALLOCA-  
TION  
METHOD-  
OLOGY**

The allocation methodology should include the following:

- Define what will be allocated. For example, grant funding for (insert scope of work narrative).
- Define the time period for the methodology.
- Describe the allocation methodology. This includes: a) the allocation statistic proposed to distribute costs among Program/Project; b) the method used to derive the statistic; and c) the total cost including the portion of cost to be distributed by Program/Project. This could be via a table listing the activities in the scope of work down the left side and rows defining the corresponding PRCs and funds across the top.

The allocation methodology is included as part of the grant award package which is prepared and sent to the Grants office. The Grants office signs the package obligating the funds and sends the Award document to the Finance office. The Award document should also contain the allocation methodology which will be used as the basis of future expenditures.

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**STEPS TO  
CHARGE A  
PPG IN THE  
NEW  
BUDGET  
STRUCTURE**

Step	Action
1	The Project Officer (PO) identifies categorical grant amounts for inclusion in the PPG.
2	The PO for the PPG crosswalks the State's work plan/PPA to the Program/Project and includes estimated resources. This crosswalk is also called an allocation methodology.
3	Amounts identified in Step 1 are reprogrammed.
4	Funds are then reprogrammed using the Allocation Methodology to the Program/Projects identified in the crosswalk.

5	Funds are committed by Program/Project (corresponding to the allocation methodology).
6	The allocation methodology is included as part of the grant award package that is prepared and sent to the Grants office. The Grants office signs the package obligating the funds and sends the Award document to the Finance office. The Award document should also contain the allocation methodology which will be used as the basis of future expenditures.
7	Funds are obligated and expensed from the Program/Projects.
8	If a significant change to the PPG work plan results in a significant change to the allocation methodology crosswalk, an amended methodology is developed.
9	A revised methodology will require an additional reprogramming.
10	An revised methodology follows the same steps as the original methodology.
11	When a regional Finance office receives the revised methodology, it is applied to subsequent draw downs.

## **CHAPTER 10**

### **CATEGORICAL GRANTS**

#### **BACK- GROUND**

Categorical grants are another form of EPA grants. Beginning in FY 1999, categorical grant resources, as with PPGs and Discretionary grants were aligned with Subobjectives in the GPRA architecture. Under the revised FY 2003 Strategic Plan, these grants will continue to be aligned with unique or multiple Subobjectives. However, for accounting and cost information purposes, media-specific Program/ Project codes will be used in the PRC instead of Subobjectives. This change will enable the Agency to demonstrate direct programmatic linkages between budget formulation, budget execution, and performance. It is important to note that the Agency has developed business rules to link resources associated with Program/Projects to new Subobjectives under the FY 2003 architecture (See Chapter 3).

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#### **DIRECT CHARGING**

The specific categorical grant types will now be identified using the PRC "Program/Project" field (positions 5 and 6 in the PRC). Previously, these specific types of grants were identified by "Major Program" codes (01 through 17 represented the 17 different categorical grant types) in positions 7 and 8 in the PRC. Major Programs will no longer be used in the PRC. For example, Radon Grants were aligned in the following PRC: 40401A05, or Goal 4, Objective 4, Subobjective 1, NPM A for Air, and Major Program 05 in the FY 2000 Strategic Architecture. Under the new Strategic Plan, Radon Grants will be aligned as follows: 102A05E, or Goal 1, Objective 2, NPM A for Air, 05 for the "Categorical Grant: Radon" Program/Project, and E for the "Financial Transfer to Governmental Organizations Activity." While the Program/Project will replace the Subobjective in the PRC, the Agency will continue to track its' resources by Subobjective through the business rules crosswalk.

A categorical grant should be committed, obligated, and expensed by a single Program/Project. This is the direct charging method. The Project Officer (PO) crosswalks the state's work plan to the Program/Project. Funds are then committed, obligated and expensed by Program/Project defined in the crosswalk.

Any significant change to the work plan must be reported to EPA. If the work plan change impacts the crosswalk methodology, the methodology must be revised. That change would be handled through the amendment process that currently exists for categorical grants. A revised methodology may require a reprogramming. Upon receipt of the revised methodology, the Finance Office will process future draw downs using the new methodology.

**ALLOCATION  
METHOD-  
OLOGY**

The allocation methodology should include the following:

- Define what will be allocated. For example, grant funding for (insert scope of work narrative).
- Define the time period for the methodology.
- Describe the allocation methodology. This includes: a) the allocation statistic proposed to distribute costs among Program/Project; b) the method used to derive the statistic; and c) the total cost including the portion of cost to be distributed by Program/Project This could be via a table listing the activities in the scope of work down the left side and rows defining the corresponding PRCs and funds across the top.

The allocation methodology is included as part of the grant award package which is prepared and sent to the Grants office. The Grants office signs the package obligating the funds and sends the Award document to the Finance office. The Award document should also contain the allocation methodology which will be used as the basis of future expenditures.

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**EXAMPLE OF ●  
ACCOUNTING  
FOR  
CATEGOR-  
ICAL GRANTS**

Example: The state's work plan identifies work to be done to improve outdoor air quality. The work plan is then cross walked to the two Program/Projects which deal with this work. The Program/Projects are located in:

- Goal 1- Clean Air and Global Climate Change
- Objective 01 - Healthier Outdoor Air
- Program/Project 04 - State and Local Air Quality Management
- Program/Project 17 - Tribal Air Quality Management.

Once the work plan is cross walked to the Program/Projects, the resources can be identified by Program/Projects. Suppose the total cost is \$100,000 - of that \$100,000; \$25,000; and \$75,000 were cross walked to the two Program/Projects, respectively. The percentages per Program/Project would be 25% and 75%.

The grants package is sent to the Grants office including the crosswalk (allocation methodology). The Grants office sends the Award document to the Finance office. The Crosswalk (allocation methodology) is used for committing, obligating and expensing the resources.

**DIRECT  
CHARGING  
TO  
MULTIPLE  
PROGRAM/  
PROJECTS**

<b>Step</b>	<b>Action</b>
1	Categorical grant with resources in more than one Program/Project may direct charge to multiple Program/Projects.
2	The PO crosswalks the state's work plan to the Program/Projects.
3	Funds are committed.
4	The allocation methodology is included as part of the grant award package which is prepared and sent to the Grants office
5	Funds are obligated and expensed by Program/Projects defined in the crosswalk.
6	Any significant change to the work plan must be reported to EPA. If that change causes a significant change to the crosswalk methodology, the methodology must be changed. That change would be handled through the amendment process that currently exists for categorical grants.
7	A changed methodology may require a reprogramming.
8	As soon as the Finance office receives the amended methodology, they will process future draw downs using the new methodology.

## **CHAPTER 11**

### **DISCRETIONARY GRANTS**

#### **BACK- GROUND**

Similar to PPGs and categorical grants, discretionary grant resources were aligned with Subobjectives in the FY 1999 GPRA architecture. Under the revised 2003 Strategic Plan, these grants will continue to be aligned with unique or multiple Subobjectives. However, alignment with Subobjectives will no longer occur through the use of the PRC. As noted in previous chapters, media-specific Program/Project codes will be used in the PRC instead of Subobjectives. The Agency has developed business rules to link resources associated with Program/Projects to new and existing Subobjectives under the 2003 architecture (See Chapter 3). Discretionary grants are defined as those grants that are not categorical and not PPGs. Although some discretionary grants may have a direct relationship to a single Program/Project, others will be spread among multiple Program/Projects.

#### **ACCOUNT- ING FOR DISCRET- IONARY GRANTS USING THE GPRA ACCOUNT STRUCTURE**

Program offices will have to use the scope of work to determine which Program/Projects receive predominant benefit from the grant. Some discretionary grants may align with one Program/Project in which case they will be committed, obligated, and expensed using one Program/Project.

Other discretionary grants may benefit more than one Program/Project. The Program office will develop an allocation methodology (considering predominant benefit, materiality and using the "expert knowledge" of Program office staff). The discretionary grant is then committed and obligated using the allocation methodology. Each time the recipient submits a draw down, that draw down will be charged to the Program/Projects based on the allocation methodology used to commit and obligate the funds.

The allocation methodology should include the following:

- Define what will be allocated. For example, grant funding for (insert scope of work narrative).
- Define the time period for the methodology.
- Describe the allocation methodology. This includes: a) the allocation statistic proposed to distribute costs among Program/Project; b) the method used to derive the statistic; and c) the total cost including the portion of cost to be distributed by Program/Project. This could be via a table listing the activities in the scope of work down the left side and rows defining the corresponding PRCs and funds across the top.

The allocation methodology is included as part of the grant award package which is prepared and sent to the Grants office. The Grants office signs the package obligating the funds and sends the Award document to the Finance

office. The Award document should also contain the allocation methodology which will be used as the basis for recording expenditures.

Over the life of a discretionary grant, changes may occur. A common change is increased funding. As long as the increased funding does not change the scope of work, the only modification necessary will be to increase the commitment and obligation. However, if the increased funding does change what is being accomplished in the scope of work, then the methodology for allocating and disbursing funds will need to be modified. The corresponding commitment notice must also be modified to reflect the change. Consider the concepts of predominant benefit, materiality and "expert knowledge" when deciding to modify an allocation.

The same criteria for increases in funding should also be applied to amendments. If there is not a significant change to the scope of work, the funding mix among Program/Projects should remain the same. However, if the amendment is a significant change to the scope of work, the allocation will change, as will the commitment notice.

During the life of the grant, any Program office actions to decrease funding will be identified to the appropriate Program/Projects. Recipient decreases at close out will be charged back to the current methodology.

Any change to scope of work requires an amendment and any change to the allocation methodology is processed through the same amendment process.

Because of the fluid nature of discretionary grants, the likelihood that several allocation methodologies will be used over the life of the grant, and the legal restriction that EPA may not require additional information from recipients, the following payment practices have been adopted. Draw downs will be paid according to the allocation methodology using the "oldest" money first. All the funds in an individual methodology will be expended before moving on to the next methodology.

Decreases to funding will be identified to the appropriate Program/Projects and the allocation methodology containing that decrease will be modified. The Program office will identify the appropriate methodology and PRCs. The corresponding commitment notice will also be modified. Recipient decreases at close out will be charged back under the current methodology.

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**"UMBRELLA  
GRANTS"**

There is a subset of discretionary grants called umbrella grants. These grants are grouped together because they have been developed for many offices to "buy into". Some examples of these grants are Senior Environmental Employment Program (SEE), Hispanic Association of colleges and Universities (HACU), National Academy of Sciences, Environmental Law Institute,

Environmental Career Organization (ECO), and Environment Council of the States (ECOS). The accounting for these grants is more challenging than the normal discretionary grants, based upon the "buy in" feature. These grants are amended frequently and have many offices and accounting lines by the nature of the instrument. For instance, the SEE program consists of 64 cooperative agreements 2,000 enrollees, \$50 million, and processes approximately 900 commitment notices and 300 amendments in one year. The payment practices for these umbrella grants will continue as they have in the past.

**ACCOUNT-  
ING FOR  
DISCRETIO  
N-ARY  
GRANTS  
USING GPRA  
ACCOUNT  
STRUCTURE  
(continued)**

For any other accounting type changes (actions that require reversal of payments, correction of accounting data, setting up accounts receivables, etc.), follow procedures currently being used substituting the old PRC for the new PRC.

Since grant funds make up a significant portion of EPA's budget, it follows that they also contribute greatly to the Agency's performance in attaining its GPRA Goals, Objectives and Subobjectives. However, issues of predominant benefit and materiality must still be considered in determining the policies and procedures in accounting for EPA's grants.

**STEP BY  
STEP  
APPROACH**

Step	Action
1	Discretionary grant resources residing in only one Program/Project, commit, obligate, and expended by Program/Project.
2	Discretionary grants with resources in more than one Program/Project should use an allocation methodology.
3	The Program office should determine predominant benefit and develop an allocation methodology to charge Program/Projects. For example, a discretionary grant may support four Program/Projects and the Program office determines based on the scope of work that the benefit to the Program/Projects is in the following percentages - 30%, 20%, 25%, and 25%.
4	The discretionary grant is then committed and obligated using percentages developed in the allocation methodology.



5	Each time the recipient submits a draw down, that draw down will be charged to the Program/Projects based on the same allocation methodology used to commit and obligate funds.
6	If amendments or funding changes result in no change to the scope of work, the allocation methodology will remain the same. The only change will be to the total funding and eventually the expenditures.
7	If amendments or funding changes result in a change to the scope of work, the allocation methodology will have to be changed to reflect the change in the scope of work.
8	Any change to scope of work requires an amendment and any change to the allocation methodology is processed through the same amendment process.
9	<p>Payment practices:  Draw downs will be paid according to the allocation methodology using the "oldest" money first. All the funds in an individual methodology will be expended before moving on to the next methodology.</p> <p>Program office decreases will be identified to the appropriate Program/Projects and the allocation methodology containing that decrease will be modified. The Program office will identify the appropriate methodology and PRCs. The corresponding commitment notice will also be modified. Recipient decreases at close out will be charged back to the current methodology.</p>

## **CHAPTER 12**

### **INTERAGENCY AGREEMENTS**

#### **BACK- GROUND**

This document addresses both disbursement (DW) and reimbursable (RW) Interagency Agreements. Interagency Agreements (IAGs), grants, and contracts are a large portion of the Agency's budget. Therefore, the impact of how we report the use of these resource dollars in the GPRA structure is significant. Issues of predominant benefit and materiality must be considered in determining the policies and procedures in accounting for EPA's contracts, grants and IAGs.

DW IAGs are those where another Agency is doing work for EPA and EPA pays the other Agency for their services. DW IAGs are used for many purposes. They can be to assist with research, supply computer services, buy furniture, or provide surveys/studies. For IAGs as finite as buying furniture, the EPA office will know the exact charge for the furniture and the destination of the furniture (which people in which Program/Project). For IAGs such as computer services, the costs can be allocated based on some standard such as FTE or transaction count. For IAGs with more ambiguous purposes such as research, the EPA offices ordering the services may have to allocate costs based on "expert knowledge".

RW IAGs are those where EPA is doing work for another Agency and is reimbursed by that Agency for their effort. An example would be to assist in a hazardous waste clean-up such as Oil Spills or environmental research.

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#### **ACCOUNT- ING UNDER THE GPRA STRUCTURE**

The accounting for both types of IAGs will be done using new PRCs described under Categorical Grants. In addition, a RW Interagency Agreement will continue to also use an "R" in the FUND field.

IAGs that support one Program/Project should be committed, obligated, and expended by Program/Project. When IAGs support more than one Program/Project, an alternate form of direct charging called direct charging to multiple Program/Projects may be used.

There are two approaches that can be used when direct charging to multiple Program/Projects: development of a cross walk or development of an allocation methodology. The basis of either approach should be the IAG decision memorandum, and/or the statement of work, and/or using the "expert knowledge" of EPA employees. For reimbursable IAGs, it is the responsibility

of the Program office to determine the Goal, Objective, Program/Project prior to the processing of the IAG.

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**ACCOUNT-  
ING UNDER  
THE GPRA  
STRUCTURE**  
(continued)

- **Cross-walk:** The decision memorandum or statement of work may be most helpful when using the crosswalk approach. This approach involves looking at the "discrete pieces" that are contained in the IAG. Some "discrete pieces" (tasks) being performed relate to a specific Program/Project while other tasks relate to other Program/Projects. Tasks should be cross walked to Program/Projects and the related resources identified. The resulting percentages should be applied to commitments, obligations, and expenditures. The control point for reprogramming is the objective, therefore shortages and overages for Program/Projects within a single objective are not subject to budget reprogramming.
- **Allocation Methodology:** The second approach to direct charging to multiple Program/Projects relies on the "expert knowledge" of EPA employees. This method could be used for a research IAG. The EPA employee would develop an allocation methodology based on historical knowledge of the program, and/or professional knowledge, and/or program mission. Estimates of Program/Project resources would be used for commitment, obligation, and expenditure purposes. The control point for reprogramming is the objective, therefore shortages and overages for Program/Projects within a single objective are not subject to budget reprogramming. When using either alternative direct charging method, consider both predominant benefit and materiality.

**STEPS TO  
DETERMINE  
HOW TO  
ACCOUNT  
FOR INTER-  
AGENCY  
AGREE-  
MEATS**

Step	Action
1	IAGs residing in only one Program/Project, commit, obligate, and expense by Program/Project.
2	IAGs with resources in more than one Program/Project should develop a crosswalk or an allocation methodology.
3	The decision memorandum or statement of work may be most helpful when using the crosswalk approach to direct charging of multiple Program/Projects. This approach involves looking at the “discrete pieces” that are contained in the IAG. Some “discrete pieces” (tasks) being performed relate to a specific Program/Project while other tasks relate to different Program/Projects. Tasks should be cross walked to Program/Projects along with the associated resources. The resulting percentages should be applied to commitments, obligations, and expenditures.
4	The allocation methodology approach to direct charging to multiple Program/Projects relies on the “expert knowledge” of EPA employees. This method could be used for a research IAG. The EPA employee would develop an allocation methodology based on historical knowledge of the program, and/or professional knowledge, and/or program mission. Estimates of Program/Project resources would be used for commitment, obligation, and expenditure purposes.
5	The crosswalk or allocation methodology will be used to commit and obligate funds and with RW Interagency Agreements, disburse funds.
6	For DW Interagency Agreements, each time EPA processes an OPAC/1080s billing, the Program/Projects charged will be based on the crosswalk or allocation methodology.

## CHAPTER 13

### CONTRACTS

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#### BACK-GROUND

Since contract dollars are approximately 20% of the EPA's budget, accounting for them accurately under the Goal/Objective/Program/Project structure is important. For many contracts, especially those general mission-support contracts which have traditionally been "bulk-funded", the challenge is executing (spending) and accounting for contracts at the Program/Project level.

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#### CONTRACT FUNDING ACTIONS

- There are several different contract vehicles in EPA. For this purpose, distinctions are made between (1) how work is assigned to the contractor; and (2) how contracts are funded.
  - In some situations, the basic contract itself provides everything necessary for the contractor to deliver the products/services - a Statement of Work, definition and schedule of deliverables, and the funding.
  - Other contracts use Delivery Orders(DOs) or Task Orders(TOs) as the vehicle for ordering work from the contractor. When a DO or TO is executed, funds in the amount of the DO are obligated and the DO or TO provides work direction to the contractor.
  - Still other contracts feature a separation between the funding document and the work initiation document. Typically, such contracts are "bulk-funded" both at the start of the contract and incrementally. Work direction is given to the contractor in the form of Work Assignments (WAs) or similar documents. These bulk funded contracts will potentially cause the most problems for cost accounting because identifying the specific Program/Project(s) applicable to each individual WA at the point of funding is difficult. In cases where a WA is accompanied by a Procurement Request from an originating office with funding for that WA, the Program/Project accounting will be more straight forward.
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#### DIRECT CHARGING

- The preferred method for charging contracts is direct charging.
- A contract or WA/DO/TO is direct charged to one Program/Project.
- A contract or WA(s)/DO(s)/TO(s) is direct charged to multiple

Programs/Projects using one of the techniques described below.

When using the direct charging method, commitments, obligations, and expenditures will be made using PRCs. For contracts with DOs or TOs, each funding action (commitment and obligation) should be charged to the PRC which best corresponds to the scope of work in the DO or TO. This may either be a single PRC for each DO/TO or to multiple PRCs for those DOs and TOs which benefit more than one PRC. In the latter case, the Project Officer or other appropriate official should consider predominant benefit and materiality in determining a reasonable pro-ratio by PRC.

For bulk-funded contracts with numerous WAs, such contracts are funded incrementally with a Procurement Request and contract modification. While the WA should generally be identifiable with a specific PRC or PRCs, the precise breakdown of the incremental funding by PRC is not known at the time the PR is generated. In such cases, the Project Officer or whoever originates the PR should use their “expert” knowledge and best judgement to estimate a breakdown by PRC and fund the PR accordingly. As work is issued to the contractor through WAs, and the contractor submits invoices for payment, the Project Officer or similar official should use information from the invoices to charge the payments to the actual PRCs covered by the invoice.

To assist Project Officers in managing and tracking the flow of funds for these bulk-funded contracts, a matrix/spreadsheet can be used. Some Program offices have already developed spreadsheets which FMD can make available to other offices upon request. This spreadsheet provides the funding actions, the WA(s)/DO(s)/TO(s), and the invoiced amounts and will enable the Project Officer to determine, as the work progresses, whether any adjustments to the PRCs charged from the original obligation estimates are warranted.

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**EXAMPLES  
OF DIRECT  
CHARGING  
OF  
CONTRACTS**

As stated previously, wherever possible contracts should be direct charged. For cases where the entire contract supports one Program/Project, the accounting should be straightforward regardless of what contract vehicle is used. Other examples of contract vehicles and funding mechanisms are as follows:

- Example 1. Contract Covers More than One Program/Project with DOs or TOs Identifiable to Program/Projects:
  - For DO/TO contracts, DOs/TOs corresponding to one Program/Project can be committed, obligated, and expensed by Program/Project.
  - For bulk funded WA contracts, the commitment and obligation

transactions should be charged to the PRC(s) based on the best judgement of the Project Officer. The contract payments will be charged to the Programs/Projects which correspond to the WAs, based on information from the contractor's invoice.

- Example 2. Contract and DOs or WAs Support Multiple Programs/Projects - Discrete Pieces Estimation Method

Another form of direct charging, direct charging to multiple Program/Projects is used when the DO/TO/WA supports more than one Program/Project but “discrete pieces” of the DO/TO/WA can be identified and charged to appropriate Programs/Projects.

A “discrete pieces” to Program/Project crosswalk is developed early in the process so that commitment, obligation, and expenditure all occur at the Program/Project level. Using the crosswalk, the PO identifies Program/ Projects to be charged on the Project Officer Invoice Approval Form.

- Suppose on WA 1 the contractor performs three major tasks and these three tasks correspond to three separate Program/Projects: monitoring, permitting, & inspections.
- Cross walk the three major tasks to the appropriate three Program/ Projects
- Estimate the amount of funds attributable to the three Program/ Projects
- Commit and obligate using this crosswalk.
- Provide the crosswalk to the PO so Program/Projects can be identified on the Project Officer's Invoice Approval Form.
- At the time of invoicing, tasks identified on the contractor's invoice are matched to Program/Projects via the crosswalk. The PO then indicates the appropriate Program/Projects on the Project Officer's Invoice Approval Form.

Note: It may be necessary to consider predominant benefit when aligning tasks to Program/Projects. For instance, if a significant benefit can be attributed to one Program/Project yet an immaterial benefit can be attributed to another, choose the Program/Project that receives the predominant benefit.

- Example 3. Contract Supports Multiple Program/Project - Allocation Method

The third form of direct charging to multiple Program/Projects occurs when the Program Office must decide how to charge costs such as lab supplies, information services program surveys, and studies. These costs support several Program/Projects in the aggregate but the work can not be identified with a

particular Program/Projects. The direct charging methodology would split-charge the costs to each Program/ Projects. The direct charging methodology is developed early in the process so that commitment, obligation, and expenditures occur at the Program/Project level. Using the direct charging methodology, the PO identifies Program/Projects on the Project Officer Invoice Approval Form using the methodology.

The task could be a study that supports four Program/Projects. Since the study supports all four Program/Projects and cannot reasonably be divided among the Program/Projects, it will be necessary to identify a direct charging statistic. That statistic may be based on things such as FTE within Program/Projects, total funding of Program/Projects, or on square feet of the offices.

Consider the WA when choosing the basis of the direct charging methodology. For example, a WA that supplies computer services would reasonably be based on FTE and a WA that provides security could be based on the offices' square footage or FTE.

In our example, a study might be based on total dollars since the study supports the total program. Develop direct charging percentages (i.e. 30%, 20%, 40%, & 10%) using the selected basis then commit and obligate. Provide the direct charging methodology (percentages) to the PO so Program/Projects can be identified and charged on the Project Officer Invoice Approval Form. The PO will apply the direct charging methodology percentages to the total amount of the invoice and charge the correct dollar amount by Program/Projects.

\*NOTE: For the discrete pieces crosswalk and the direct charging methodology the Program/Projects identified may cross objectives and may in some instances cross goals.

**STEPS TO  
TAKE WHEN  
DIRECT  
CHARGING  
CONTRACT  
COSTS**

<b>Step</b>	<b>Action</b>
1	Each contract must be reviewed by the Program office to determine which method of direct charging to use. Always consider predominant benefit when aligning DOs/TOs/WAs to Program/Projects.
2	If DOs/TOs align directly to a single Program/Project then commit, obligate, and expense using that Program/Project. If DOs/TOs relate to multiple Program/Projects, the financial transactions should be recorded against the Program/Projects using a charging methodology based on predominant benefit.



3	If WAs align to Program/Projects, commit and obligate using an estimate of the appropriate Program/Project breakdown (bulk funded contracts) and charge the payments to the actual Program/Projects based on information from the contractor's invoice.
4	If DOs/TOs/WAs do not align to one Program/Project, consider identifying "discrete pieces" that can be aligned to Subobjectives. Commit and obligate using a crosswalk that links "discrete pieces" to Program/Project.
5	If steps two and three don't apply, consider developing a direct charging methodology. A direct charging methodology can be used for what are considered indirect type costs - mission type contract costs. The methodology will split the DO/TO/WA costs by percentages of total Program/Project costs, FTE or some other methodology. Commit and obligate by Program/Project..
6	Provide crosswalk or direct charging methodology to PO before they receive the Project Officer's Invoice Approval Form from RTP. Expenditures occur at the Program/Project level on the Project Officer Invoice Approval Form.
7	Program offices monitor balances in the Program/Projects.

## CHAPTER 14

### TRAVEL AND EXPENSES

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#### GENERAL

Travel and Expenses will be treated as any other cost incurred by EPA - they will be charged to the PRCs that the Travel and Expense supports. Travel and Expenses can pose an issue because while these types of costs are generally of a small dollar amount, there are a large number of transactions. EPA's approach is that after an analysis of the costs and following a common sense approach, Travel and Expenses should fit into the PRC structure with a minimum of administrative burden.

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#### TRAVEL

Travel will be charged to the PRCs that the travel supports. The criteria for selecting the PRCs is as follows:

- **Direct PRC identification** - Direct PRC identification is how most travel will be identified. Under this approach, the PRCs the travel supports (the reason for the travel) is identified and used for funding and payment.
- **Follow the FANs** - The "follow-the- FAN" approach is used when the travel is of such a general nature that PRCs cannot be identified. This approach will probably be used primarily by Program Management Offices or other support offices.

Travel is incurred by the Agency as a means to accomplish its stated mission. With the Agency's Goal/Objective/NPM/Program/Project/Activity structure, travel can be charged to the appropriate PRCs. Selecting the appropriate PRCs will be based upon the reason for the travel.

- Example: an EPA employee is traveling to take recreation water samples for microbes or other forms of contamination.
  - Goal = 2 Clean and Safe Water
  - Objective = 01 Protect Human Health
  - NPM = B Office of Water
  - Program/Project = 53 Drinking Water Programs
  - Activity C Environmental Program Implementation

. The PRC selected would be 201B53C.

If an employee travels for a purpose which is less clear than the example above, the travel should likely be charged to the FAN to which the payroll is charged. As an example, an employee travels to a general scientific conference. In this

instance, the employee is simply maintaining knowledge and keeping current on science activities. The PRCs charged for this travel would be the PRCs in the employee's FANs. Since this travel is to keep the employee current and knowledgeable on the skills to effectively complete his job, the travel supports the efforts identified in the FANs.

If an office supports multiple Objectives and Program/Projects and an employee, as all employees within that office, provides support for all of the Objectives and Program/Projects, again the travel would be based upon the employee's FANs.

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## EXPENSES

Expenses will be charged to the PRCs that the expenses support. For this discussion, expenses are defined as those costs which support the day-to-day workforce needs. These costs include, but are not limited to, supplies, maintenance agreements, furniture, training, and PCs. Please note that expenses under this paragraph do not include costs under the Regional Support account (RSA) - the RSA use an ESP PRC. Administrative contracts, grants, and IAGs are also excluded since each of those costs has its own process.

The two approaches to charging expenses are identified below:

- **Direct PRC identification** - Direct PRC identification is how most expenses will be identified. Under this approach, the expenses support specific PRCs. That PRC, or those PRCs, will then be identified and used for commitment/obligation.
- **PRC Assignment** - The PRC assignment approach is used when the expenses support a large number of PRCs and results in immaterial amounts charged to each PRC. Under the PRC assignment approach, as the expenses are committed/obligated a small number of relevant PRCs material PRCs and/or predominant benefit PRCs are selected for charging for that particular transaction. As the expenses are committed/obligated throughout the year, the PRCs are rotated among the relevant PRCs to ensure an equitable distribution of dollars.

Distribution Accounts will not be used to charge expenses. The Direct PRC identification is the preferred approach. For those types of charges that can be identified, they should be directly charged to the appropriate PRCs. As an example, a chair or a new PC is being purchased for an individual. Since this item can be directly identified with the employee, by using the employee's FANs as the identifier of the PRCs, those PRCs reflect the effort supported within the Agency. Taking this example and changing it slightly, chairs or PCs are being purchased for an office. This office supports six different Programs/Projects. Since this action involves a relatively large amount of

funds, it is administratively feasible to identify the six PRCs on the commitment/obligation.

The PRC assignment approach is used when there are small dollar transactions and multiple PRCs. In the example above, an office supports six PRCs. Office supplies are purchased in the amount of \$240. Charging each PRC \$40 for this transaction, may be administratively burdensome. Since office supplies are purchased on a recurring basis, the rotation process would occur with the first purchase. Charging two PRCs , the second purchase two other PRCs charge, etc. This process provides for charging expenses out to the PRCs they support, without making this process an accounting burden.

## **CHAPTER 15**

### **BUSINESS RULES AND CROSSWALKS**

To be Provided Under Separate Cover at a Later Date

## CHAPTER 16

### OFFICE OF THE CHIEF FINANCIAL OFFICER'S REPORTING AND BUSINESS INTELLIGENCE TOOL (ORBIT)

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#### **BACK- GROUND**

The Office of the Chief Financial Officer's Reporting and Business Intelligence Tool (ORBIT) is a financial, administrative, and operations reporting system using a query, reporting, and analytical software package called *BusinessObjects*. It is a business intelligence system that assists with resolving the problem between the immense amounts of financial, statistical, operational, and performance data available to the Agency and the utility of this myriad of information to high-, mid-, and low-level managers for strategic management and decision making. Often, information is not in a useful format and it doesn't always find its way into the hands of the people who can use it for business purposes. The challenge is to take available information and filter it into usable, meaningful reports for use by management to guide the Agency to goal achievement.

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#### **EXECUTIVE DASH- BOARD, STANDARD REPORTS, AND AD HOC REPORTING**

The development of the ORBIT system will be in phases with Phase I consisting of an Executive Dashboard, 24 Standard Reports, and ad hoc reporting capability for advanced users.

- The Executive Dashboard will improve the Agency's financial reporting capabilities and significantly expand the ability to integrate critical financial, administrative, and program performance information. Reports are organized by tab and include:
  - Executive Overview
    - Budget Status by Environmental Goal
    - Projected FTE Utilization
    - Congressional Earmarks
  - Operating Plan
    - Appropriation
    - Carryover
    - Agency-wide Utilization
    - Utilization by Environmental Goal
  - Funds Control
    - Travel Ceiling
    - Open Commitments
    - Unpaid Balances
    - Funds Control Document Information

- Human Resources
  - Payroll Utilization
  - FTE Utilization and “alert” Information
- The Standard Reports, using primarily Financial Data Warehouse information, will provide detailed information serving the customer business needs. Examples of reports include:
  - Finance
    - Unliquidated Obligations
    - Trading Partners
    - Suspense Account Activity
    - Inactive Grant Obligations
  - Budget
    - Water and Construction Grants Available Balances
    - FC-2, Status of Funds
    - Pending Amounts Appropriation Table
    - FTE Appropriation Utilization
    - Expiring Funds Balances
  - Payroll
    - Distribution by Allowance Holder (*restricted access*)
    - Charging for each RC (*restricted access*)
    - Utilization
  - Grants
    - Construction Grant Outlays
  - Inspector General
    - Processed-to-date FTE’s
- The Ad Hoc capability will allow advanced users to create custom reports useful to their organization and reporting needs.

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**System  
Access**

Please see <http://intranet.epa.gov/ocfo/systems/orbit.htm> for general ORBIT information including:

- Project description and points of contact;
- *Access and Security Features User Guide (SFUG)* which provides information to users on obtaining a user ID, login procedures, the protection of the system and data, and others;
- *User Guide* for self-paced initial training; and
- *Tips and Tricks* that provides quick, helpful hints on using the information system.